GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:1944
ANSWERED ON:27.07.2017
Incentives to SHGs
Rajbhar Shri Hari Narayan

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Government proposes to make deduction in the interest rate on advance money given to the Self Help Groups (SHGs) for running their enterprise;

(b) if so, the details thereof;

(c) whether the Government also proposes to provide a few other incentives as shelter/gumtee to the said groups for running their enterprise; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(SHRI RAM KRIPAL YADAV)

(a) and (b): The Government is implementing DeendayalAntyodayaYojana − National Rural Livelihoods Mission (DAY − NRLM) across the country in a mission mode with the objective of organizing the rural poor women into Self Help Groups (SHGs), and continuously nurturing and supporting them to take economic activities till they attain appreciable increase in incomes over a period of time to improve their quality of life and come out of abject poverty. This programme has a provision for interest subvention, to cover the difference between the Lending Rate of the banks and 7%, on all credit from the banks/financial institutions availed by women SHGs, for a maximum of ? 3,00,000 per SHG. This is available in two ways:

(i) In 250 identified districts, Banks to lend to the women SHGs at an interest rate of 7% upto an aggregated loan amount of ? 3,00,000/-. The SHGs also get additional interest subvention of 3% on prompt payment, reducing the effective rate of interest to 4%.

(ii) In the remaining districts also, all women SHGs under DAY-NRLM are eligible for interest subvention to the extent of difference between the lending rates and 7%.This part of the scheme operationalized by State Rural Livelihood Missions (SRLMs).

(c): No, Madam.

(d): Does not arise.

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